

Public Notice

REQUEST FOR PROPOSALS

**New Orleans Redevelopment Authority (NORA) and the New Orleans Redevelopment Unlimited, Inc.
(NORU)**

Residential Construction Lending

April 17, 2014

ADDENDUM NO.: Two (2)

**TO ALL PROSPECTIVE APPLICANTS: PLEASE BE ADVISED OF THE FOLLOWING ADDITIONS, DELETIONS
AND/OR CHANGES:**

April 11, 2014 - Information meeting notes and questions (recorded)

- 1) Presentation of the RFP components overview.
- 2) Building Standards presentation by Krista Egger, Enterprise
 - a. Importance of the HERS raters
 - i. Provide the Energy Star certificate
 - ii. Ensure all the correct details are in your plans up front
 - iii. All your trades are working from the "same page"
 - iv. Ensure follow through on all the processes
 - b. Recommended next steps re: building standards compliance
 - i. Find out if your contractor is signed up as an Energy Star Partner
 - ii. Talk to your HVAC contractor about getting credentialed through ACCA or Advanced Energy. Info about both entities is on their websites. Including a current list of contractors that are approved. Make sure you're looking at "credentialed" and not just "members".
 - iii. HVAC contractors can get credentialed on-line. It can happen quickly but the desire and motivation need to exist.
 - c. Having a good relationship with your HERS rater is going to help the process go much smoother.

- d. Enterprise comment: The main differences between Energy Star V2 and V3 include;
 - i. Minimizing thermal bridging
 - ii. Credentialing of the HVAC contractor and completing the checklists (information requested on the checklist are not new but recording and documenting what contractors have been doing requires more administrative work).
 - iii. Air sealing requirements are stricter. For example, any top plate connections to drywall must be air sealed in V3. Can be done with caulk, foam or spray foam but more air sealing is required.

- e. Q - Where can developers find eligible HERS raters?

A: Provided on the Energy Star one pager hand out and can be found at:

www.energystar.gov/partnerlocator

- 3) Enterprise's New Orleans office currently has several products available that can help both non-profit & for profit developers draft a stronger proposal if they apply and are eligible;
 - a. Section 4 Capacity Building grant could help with energy efficiency and other building standards implementation. Only nonprofit CDCs and CHDOs are eligible to apply. Applications are due May 7. The Gulf Coast RFP can be downloaded at <http://www.enterprisecommunity.com/financing-and-development/grants#gulf>
 - b. Enterprise Louisiana Loan Fund (LLF)
 - i. An early pre-development loan that could help with costs related to due-diligence before construction begins such as appraisals, environmental reviews, and market research. For-profit and nonprofit developers are eligible to apply.
 - ii. A low-interest, construction take-out loan that must be committed to eligible borrowers by the end of May. Non-profit and for-profit applicants interested in getting committed financing to repay NORU should apply to the LLF prior to submitting your proposal to NORA/NORU and work with Enterprise to become eligible before May 30.

For any questions regarding Enterprise grant and loan opportunities, please contact Monica Gonzalez at mgonzalez@enterprisecommunity.org or 504.335.2307

- 4) NORA/NORU comment: NORA intends to help facilitate the First Look for First Responders program. To ensure that developers have access to eligible buyer candidates. NORA understands that we cannot force anyone to purchase a home but NORA along with the selected Developers will encourage the first opportunity to be for First Responders. More guidance and instruction will be provided once developers are selected.

5) Q - Do we need to start construction on all 5 homes at the same time?

A: Plan on starting construction within 30 days of loan closing. It may or may not be 5 properties at once but 5 properties are the minimum overall that NORA/NORU intends to administer per developer.

6) Q - Can I use NORA properties I purchased at an auction in this program?

A: Possibly, but only properties purchased from NORA more than 2 years ago may be used in combination with your proposal. Any properties that a developer purchased from NORA or NORU within the last 2 years should NOT be part of your proposal. The funds that were originally intended for any property purchased within the last 2 years should be secured by this point and hopefully development is well under way or near, thereby not requiring this program to supplement it.

7) Q - Will invoices be phased and/or only permitted at a certain time during construction?

A: The exact mechanics of invoicing are not determined yet but it may be helpful for all developers to know that only completed work will be reimbursed. NORU cannot reimburse developers based on projected work. Invoices must be clear, dated, on official letterhead and for work that has already been completed. If developers are submitting a GC invoice, AIA invoices are typically best practice and the most efficient to reimburse. NORU will define the invoicing process in the contract so both parties will have clear expectations prior to signing the agreement.

8) Q - If a Developer proposes to utilize the land discount but not borrow any NORU financing and at the end of the day gets a homebuyer whose household is above 120% AMI, can the Developer buy out the affordability provision and sell the home to a non-qualified buyer? (Clarification: to "buy out" the affordability provision, the Developer is suggesting that he/she would before closing with the homebuyer; pay NORA the difference between the Fair Market Value (FMV) at the time it was purchased from NORA and the discounted purchase price. The difference is typically 90% of the FMV.

A: Yes. The Developer could buy out the provision by paying NORA the full value of the land prior to transferring the completed property to the homebuyer.

9) Q - Is there a defined Developers Fee?

A: No, there is not a defined fee per se but NORA/NORU will have a ceiling and be comparing any other budget line items that could be considered a profit to the Developer. Also, the sample budget in the RFP application requests the developer to insert their suggested Developer Fee. NORU will review this and ask questions as necessary.

10) NORA/NORU comment: *NORA's goal is to put the properties back in commerce and develop quality housing but NORA's overall mission is to provide housing opportunities to households with moderate means. Market rate housing can be an outgrowth of some of this however, NORA's overall mission, purpose and ability to access these public funds in particular is to serve the middle-moderate income market.*

11) Q - What are the credit requirements to obtain NORU financing?

A: NORU staff will review the information for underwriting. We are asking applicants to provide information about line of credit, equity or any commitments lined up. If you apply with no commitment of sources than we'd be hard pressed to view such applicants as having the financial capacity to implement the requested type of development.

Instructions: Applicants shall respond to the original RFP available on-line or by contacting NORA. Applicants are advised to acknowledge in their proposal that he/she will commit to the above requirement in writing. Submit your completed application pursuant to the directions set forth in the original RFP. Any questions regarding the RFP or this addendum should be directed to Kristy Sclafini, NORA Compliance Coordinator, 1409 Oretha Castle Haley Boulevard, New Orleans, LA 70113, 504-658-4400, kdsclafini@nola.gov.

PLEASE NOTE: All revisions in this Addendum shall be considered as included in the original RFP and shall take precedence over any part of the RFP in conflict therewith.

THIS ADDENDUM WILL BE MADE PART OF THE RFP.